



CITY OF SANTA BARBARA

FINANCE COMMITTEE REPORT

AGENDA DATE: June 2, 2009

TO: Finance Committee

FROM: Administration Division, Finance Department

SUBJECT: Fiscal Year 2010 Recommended Operating And Capital Budget

RECOMMENDATION: That the Finance Committee:

- A. Receive staff-recommended adjustments to the Fiscal Year 2010 recommended budget; and
- B. Consider making recommendations to the City Council regarding the Fiscal Year 2010 recommended budget, if any.

DISCUSSION:

On Tuesday, April 21, 2009, the Finance Committee approved the Committee's budget review schedule and topics in connection with the filing of the Fiscal Year 2010 recommended budget. The approved budget review schedule is included as Attachment 1 to this report.

Today's meeting will include a presentation of staff recommended adjustments to the Fiscal Year 2010 recommended budget. Finance Committee will also consider whether to make any recommendations to the City Council regarding the recommended budget, especially related to the following key budget issues reviewed by the committee since late April:

- General Fund revenue assumptions and projections
- Capital Program Budget
- Department revenues and proposed fees

STAFF RECOMMENDED ADJUSTMENTS

Typically, after the recommended budget is filed, new information is received or technical adjustments are identified that require a change to the recommended budget prior to adoption. This year, there are several such adjustments, as detailed in Attachment 2. The following is a description of each of the recommended adjustments.

General Fund – Non-Departmental and Police

The recommended budget includes funding for a new federal justice assistance grant, which includes \$77,721 to cover costs associated with administration of the grant. This reimbursement revenue is currently included in the General Fund non-departmental budget. Since this grant will be administered by the Police Department, staff recommends moving this revenue to the Police Department budget where the costs to administer the grant will be incurred.

Downtown Parking Fund

Staff recommends a technical adjustment to the transfer into (-\$3,654) and expenditure from (-\$3,654) the Downtown Parking Fund to match the corresponding transfer from the General Fund to the Downtown Parking Fund for the New Beginnings program. The transfer and expenditure budget are reduced from \$43,500 to \$39,846, a reduction of 8.4%. The recommended budget already includes the reduction to the transfer from the General Fund; this adjustment just changes the transfer in and expenditure from the Downtown Parking Fund.

Solid Waste Fund

In Fiscal Year 2010, the City will realize net revenues from the processing and subsequent sale of recyclable materials collected in carts and cans from City residents and businesses. The revenues are first received by the County, which manages the processing of these recyclables and administers the contract with a material recovery facility located in Ventura. The recommended budget includes an estimate of these revenues of \$1 million. Based on final data recently provided by the County, the actual revenues will be \$871,649. We therefore recommend lowering the budgeted revenue by \$128,351 accordingly.

In addition, we have recently learned of a change to the tipping fee, effective July 1, 2009, charged for disposal of trash at Tajiguas Landfill. To offset the current decline in the value of recyclable materials and the associated decline in revenues to those jurisdictions participating in the program, the County will be adding a one-time surcharge of \$4 per ton for landfill disposal. Originally, the surcharge was going to be \$6 per ton. Pursuant to the franchise agreements, the two contracted haulers must be reimbursed for any increase in tipping fees, either directly by the City or through the rates. Accordingly, \$350,000 was budgeted as the estimated cost to reimburse the haulers for the \$6 per ton increase; however, the budgeted cost amount can now be lowered by \$62,000 to \$288,000 to reflect the \$2 decline in the surcharge.

To keep the Solid Waste Fund in balance based on the \$128,351 reduction in revenues and the \$62,000 reduction in costs, we recommend lowering the appropriated reserves by the net impact of \$66,351.

ATTACHMENTS: 1. Finance Committee Budget Review Schedule
2. Proposed Staff Recommended Adjustments

PREPARED BY: Michael Pease, Budget Manager

SUBMITTED BY: Robert D. Peirson, Finance Director

APPROVED BY: City Administrator's Office

CITY OF SANTA BARBARA
Finance Committee Review Schedule
Fiscal Year 2010 Recommended Budget

Meeting Date and Time	Department
Tuesday, April 28, 2009 12:00 p.m.	<ul style="list-style-type: none"> ➤ General Fund revenue assumptions and projections ➤ Review of City wide reserves
Tuesday, May 5, 2009 12:00 p.m.	<ul style="list-style-type: none"> ➤ Capital program budget
Tuesday, May 12, 2009 12:00 pm	<ul style="list-style-type: none"> ➤ General Fund department revenues and proposed fees
Tuesday, May 19, 2009 12:00 pm	<ul style="list-style-type: none"> ➤ Enterprise Fund revenues and proposed fees
Tuesday, June 2, 2009 12:00 pm	<ul style="list-style-type: none"> ➤ Staff recommended adjustments (if any)

CITY OF SANTA BARBARA
Proposed Staff-Recommended Adjustments

	FY 2010	
	REVENUE	APPROPRIATION
GENERAL FUND		
Non-Departmental		
Shift grant admin. revenue to Police budget	\$ (77,721)	\$ -
Police Department		
Shift grant admin. revenue to Police budget	\$ 77,721	\$ -
General Fund Total	\$ -	\$ -
DOWNTOWN PARKING FUND		
Public Works Department		
Adjust this budget to match transfer from General Fund	\$ (3,654)	\$ (3,654)
Downtown Parking Fund Total	\$ (3,654)	\$ (3,654)
SOLID WASTE FUND		
Finance Department		
Reduce Recycling Revenues	\$ (128,351)	
Reduce Reimbursements to Haulers for Tipping Fees		\$ (62,000)
Reduce Appropriate Reserves to Balance Fund	-	(66,351)
Solid Waste Fund Total	\$ (128,351)	\$ (128,351)